PUBLIC SCOPING STATEMENT
SCOTTY LAKE COALBED NATURAL GAS DEVELOPMENT PROJECT
ENVIRONMENTAL ASSESSMENT

BUREAU OF LAND MANAGEMENT
RAWLINS FIELD OFFICE

DESCRIPTION OF PROJECT

Hudson Group LLC of Casper, Wyoming, has notified the Bureau of Land Management (BLM) Rawlins Field Office that Hudson Group LLC proposes to explore and potentially develop a coalbed natural gas (CBNG) pilot project within the proposed Scotty Lake CBNG Exploratory Unit. This Unit is located within the administrative boundaries of the BLM Rawlins and Lander Field Offices. The pilot project encompasses multiple sections or portions thereof within Township 26 North, Ranges 96 and 97 West, Sixth Principal Meridian, in Sweetwater County, Wyoming (Figure 1). In total, the pilot project area includes approximately 3,000 acres of federal surface.

The pilot project entails the construction, drilling, completing, and producing of eighteen exploratory coalbed natural gas (CBNG) wells within the project area, and the construction, utilization, and maintenance of appurtenant access roads and pipelines. The eighteen wells would be drilled in three phases of approximately six wells per year, over a three year period. Produced water from the eighteen CBNG wells would be disposed of by surface discharge into ponds and unnamed drainages within the Great Divide Basin. There is an existing gas sales line through the area; however the individual pipelines from the wells to the main line would need to be constructed. Production equipment would initially be powered by individual generators. If the project proves viable, a power system may later be implemented.

There are currently three producing CBNG wells in the project area which were drilled in 2002 as re-entry wells. Produced water from these wells is being disposed of by surface discharge into ponds and unnamed drainages within the Great Divide Basin. These discharges are covered under a National Pollutant Discharge Elimination System (NPDES) permit with the Wyoming Department of Environmental Quality (WYDEQ, permit # WY0049662, outfalls 001, 006, and 008.)

It is anticipated that initial drilling operations would begin in the summer of 2004.

The primary objectives for this exploratory project are to:

- determine if natural gas production from an unnamed coal seam (in the Ft. Union geologic formation) is economically feasible
- identify the most economical drilling and completion techniques
- determine if it is technically feasible to de-water the targeted coal seams so that natural gas is desorbed from the coal surfaces
- determine produced water quantity and quality, and the feasibility and affects of surface discharge

If this pilot project provides evidence that natural gas production from an unnamed coal seam in this area is economically feasible, additional development may eventually be proposed. Any additional development would require further environmental analysis.

Approximately four to seven days would be required to drill, log, and run casing for each well utilizing a conventional rotary drilling rig and associated rig equipment. Two additional days would be required to run a bond log, perforate, and set a pump with a completion rig. The approximate size of each well pad is 300 feet by 205 feet. A small reserve pit would be excavated on the well pad to hold drilling fluids and cuttings. It is anticipated that total maximum surface disturbance for each well pad will be approximately 1.75 acres. Drilling depths are approximately 4,500 feet.

Each well will require a gas gathering line and a possible water discharge transfer pipe. All pipe corridors would be located, where feasible, adjacent to access roads.

Each well would be production tested continuously for a duration of 6 to 12 months. Production testing would evaluate the feasibility of natural gas production from the pilot project.

The proposed project area would be accessed by the use of existing public roads, and by the construction of new access roads. All roads associated with this project would be upgraded/constructed to BLM standards for resource roads.

If the pilot project proves productive, the well pads would be reclaimed to the size necessary for production operations. Once the end of the project is reached, all remaining disturbances would be reclaimed to their original topography and reseeded. If the pilot project proves to not be productive, all areas disturbed and associated with this project would be reclaimed and revegetated.

RELATIONSHIP TO EXISTING PLANS AND DOCUMENTS

Great Divide Resource Management Plan (GDRMP) - The GDRMP (November 8, 1990) directs the management of BLM-administered lands within the analysis area. The objective for management of oil and gas resources, as stated in the GDRMP, is "to provide opportunity for leasing, exploration, and development of oil and gas while protecting other resource values." The development of CBNG within the Scotty Lake CBNG project area would be in conformance with the GDRMP. The Environmental Assessment (EA) that will be prepared for the Hudson Group LLC proposal will incorporate the appropriate decisions, terms, and conditions of use described in the GDRMP.

Use Authorizations - Use authorizations (i.e., rights-of-way, permits) for well pads, roads, pipelines, and well site facilities will be processed through the BLM Application for Permit to Drill (APD) and Sundry Notice when located on-lease. Any activity located off-lease would require an approved right-of-way.

NATIONAL ENVIRONMENTAL POLICY ACT

On reviewing the Hudson Group LLC proposal, the BLM has determined that an EA will be prepared. The impact analysis presented in the EA will allow for one of two outcomes as determined by the BLM, either: 1) the proposed project would not result in significant impacts and a Decision Record with a Finding of No Significant Impact (DR/FONSI) could be signed (which would allow the project to be implemented), or 2) the project, as proposed, would result in significant impacts and would require the preparation of an Environmental Impact Statement (EIS).

One element of the National Environmental Policy Act (NEPA) process is scoping. Scoping activities are conducted prior to the preparation of an EA:

- to determine reasonable development alternatives to be considered in the document
- to identify environmental and socioeconomic issues of concern related to the proposed project
- to determine the depth and range of analyses for issues addressed in the document

This scoping statement has been prepared to enable government agencies, the general public, and other interested parties to participate in, and contribute to, the analysis process. Public input is important in establishing the scope of analysis for any NEPA document, and the BLM encourages public participation.

IDENTIFIED RESOURCE MANAGEMENT ISSUES AND CONCERNS

The following issues and concerns have been identified to-date. This list is not meant to be all-inclusive, but rather to serve as a starting point for public input. Once issues and concerns have been gathered through scoping and BLM consideration of the project, corresponding resource disciplines will be identified to conduct analysis for individual issues and concerns.

- potential effects upon wildlife and their habitats within the analysis area
- potential effects upon wild horses and their habitats within the analysis area
- increased traffic and associated impacts upon county, state, and BLM roads and highways
- social and economic impacts to local communities
- impacts to ground water resources
- potential impacts to sensitive soils within the project area
- impacts from emissions resulting from drilling and production activities associated with the project
- impacts from surface discharge of produced water within the project area
- reclamation of disturbed areas and control of nonnative plants
- potential impacts to cultural and historical resources within the analysis area
- cumulative effects of natural gas development activities when combined with other ongoing and proposed developments on lands within the BLM Rawlins and Lander Field Office areas
- potential conflicts between mineral development activities and recreational activities

INTERDISCIPLINARY TEAM

Based upon current understanding of issues, concerns, and opportunities, an interdisciplinary team (IDT) made up of the following specialists within the BLM Rawlins Field Office has been identified:

- Archaeologist
- Wild Horse Specialist
- Realty Specialist
- NEPA Specialist
- Civil Engineer (roads and surface activities)
- Petroleum Engineer
- Wildlife Biologist
- Natural Resource Specialist (surface protection)
- Hydrologist
- Recreation Planner
- Soil Scientist
- Geologist
- Range Management Specialist

TIMING NEEDS AND REQUIREMENTS

Government agencies, the public, and other interested parties are encouraged to participate throughout the environmental analysis process to help in identifying the level of analysis needed, alternatives to be considered, issues or concerns that should be assessed, mitigation opportunities, and any other comments or ideas to help ensure that the analysis process is comprehensive.

After a 30-day scoping period is completed and the EA prepared, the EA will be released to the public for review and comment.

The scoping period for this project ends on April 19, 2004. Please submit your comments to:

John Ahlbrandt, Natural Resource Specialist
Bureau of Land Management
Rawlins Field Office
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Rawlins, Wyoming 82301
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Please refer to the Scotty Lake CBNG Pilot Project in your response.

REFERENCE CITED

U.S. Bureau of Land Management. 1990. Great Divide Resource Area Record of Decision and Approved Resource Management Plan. Prepared by the U.S. Department of the Interior, Bureau of Land Management, Rawlins Field Office, Rawlins, Wyoming. BLM-WY-PT-91-010-4410. 74 pp.